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REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS TWENTY-SEVENTH SESSION

(26-28 August 2003)

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Introduction

1. The report of the Industrial Development Board on the work of its twenty-seventh session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.27/SR.1-6), where the details of the proceedings are contained, form an integral part of the present report.

2. The following decisions of the Board, reproduced in annex I, are related to the work of the General Conference at its tenth session:

IDB.27/Dec.3	Scale of assessments for the fiscal period 2004-2005
IDB.27/Dec.4	Working Capital Fund for the biennium 2004-2005
IDB.27/Dec.6	Programme and Budgets, 2004-2005
IDB.27/Dec.10	Personnel matters
IDB.27/Dec.12	Preparations for the tenth session of the General Conference

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The twenty-seventh session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 26 to 28 August 2003 (6 plenary meetings—see IDB.27/SR.1-6).

Participation

4. All 53 members of the Board were represented at the session: Algeria, Austria, Belarus, Belgium, Bolivia, Bulgaria, Burkina Faso, Chile, China, Colombia, Côte d'Ivoire, Croatia, Cuba, Denmark, Ecuador, Egypt, Ethiopia, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Kenya, Lesotho, Libyan Arab Jamahiriya, Luxembourg, Morocco, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Russian Federation, Saudi Arabia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, Uruguay and Venezuela.

5. The following 39 Member States of UNIDO also participated in the session: Afghanistan, Albania, Angola, Argentina, Bosnia and Herzegovina, Brazil, Costa Rica, Cyprus, Czech Republic, Democratic People's Republic of Korea, Finland, Israel, Kuwait, Lebanon, Lithuania, Madagascar, Malaysia, Mexico, Namibia, Netherlands, Nicaragua, Norway, Oman, Panama, Paraguay, Poland, Portugal, Romania, Serbia and Montenegro, Slovakia, South Africa, Syrian Arab Republic, Uganda, Ukraine, United Arab Emirates, Uzbekistan, Viet Nam, Yemen and Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: Joint Inspection Unit, United Nations Office at Vienna.

9. The following United Nations specialized agencies were represented: Food and Agriculture Organization of the United Nations, International Atomic Energy Agency.

10. The following other intergovernmental organizations were represented: European Union, Gulf Organization for Industrial Consulting, International Centre for Genetic Engineering and Biotechnology, International Institute of Refrigeration, International Centre for Science and High Technology, League of Arab States, Organization of the Islamic Conference, Organization of the Petroleum Exporting Countries.

11. The following non-governmental organizations were represented: Association of Former United Nations Industry and Development Experts, Austrian Senior Experts Pool, Austro-Egyptian Chamber of Commerce, Institut Supérieur de Gestion, International Association ZNANIE, International Federation of Business and Professional Women, International Organization of Employers, Mountain Unlimited (Society for Development and International Cooperation), Soroptimist International, World Confederation of Labour.

Opening of the session

12. The twenty-seventh session of the Board was declared open by the President of the twenty-fifth and twenty-sixth sessions, Mr. I. Horváth (Hungary).

Officers of the session

13. In accordance with rule 23 of its rules of procedure, the Board elected by acclamation Mr. R. González Aninat (Chile) as President; Mr. H. El-Laithy (Egypt), Ms. M. Ramis-Plum (France) and Mr. T. P. Sreenivasan (India) as Vice-Presidents; and Mr. P. Poptchev (Bulgaria) as Rapporteur.

Agenda for the session

14. The Board adopted the provisional agenda:

1. Election of officers.

2. Adoption of the agenda.

3. Annual report of the Director-General for 2002 on the activities of the Organization.

4. Report of the Programme and Budget Committee:

   (a) Interim report of the External Auditor, financial performance report and programme performance report for the biennium 2002-2003;

   (b) Financial situation of UNIDO;

   (c) Scale of assessments for apportionment of the regular budget expenses;

   (d) Working Capital Fund for the biennium 2004-2005;

   (e) Financing of UNIDO programmes, including new initiatives for funds mobilization;

   (f) Transition to a single-currency system;

   (g) Follow-up to report of the External Auditor for the biennium 2000-2001;

   (h) Appointment of an External Auditor.

5. Programme and budgets, 2004-2005.

6. Implementation of medium-term programme framework, 2002-2005, including:

   (a) Update on preparations for the biotechnology forum;

   (b) Field representation.

7. Medium-term programme framework, 2004-2007.

8. International Centre for Science and High Technology.

9. Activities of the Joint Inspection Unit.

10. Personnel matters.

11. Consultations with non-Member States.

12. Matters related to intergovernmental, non-governmental, governmental and other organizations.

13. Preparations for the tenth session of the General Conference.

14. Provisional agenda and date of the twenty-eighth session.

15. Adoption of the report.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.27/Dec.1, IDB.27/SR.2, paras. 1-2).

16. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Vice-President Ms. M. Kamis-Plum (France) (see IDB.27/SR.2, paras. 3-4) to chair those consultations.

II. ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2002 ON THE ACTIVITIES OF THE ORGANIZATION (item 3); REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (item 4); PROGRAMME AND BUDGETS, 2004-2005 (item 5)

17. The Board decided to discuss simultaneously items 3, 4 including sub-items (a) to (h), and item 5. The debate on the items is reflected in summary records IDB.27/SR.2, paragraphs 5 to 99 and IDB.27/SR.3, paragraphs 1 to 95.

A. ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 2002 ON THE ACTIVITIES OF THE ORGANIZATION

18. Under item 3 the Board had before it the Annual Report of the Director-General for 2002 on the activities of the Organization (IDB.27/2) including the programme performance report and the list of technical cooperation activities (IDB.27/2/Add.1). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 5-6).

B. REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

19. Under item 4, the Board had before it the report of the Programme and Budget Committee on the work of its nineteenth session (IDB.27/12).

i. Interim report of the External Auditor, financial performance report and programme performance report for the biennium 2002-2003

20. Under item 4 (a), the Board had before it the interim report of the External Auditor (IDB.27/6), the interim financial performance report for the biennium 2002-2003 (IDB.27/8), the *Annual Report 2002* (including interim programme performance report for the biennium 2002-2003) (IDB.27/2) and a list of technical cooperation activities (IDB.27/2/Add.1). At

the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 7-8).

ii. Financial situation of UNIDO

21. Under item 4 (b), the Board had before it a report by the Director-General on the financial situation of UNIDO (IDB.27/10) and updated information on the financial situation of UNIDO (IDB.27/CRP.7). The Board considered a draft decision submitted by the President (IDB.27/L.2) and adopted decision IDB.27/Dec.2 (see annex I).

iii. Scale of assessments for apportionment of the regular budget expenses

22. Under item 4 (c), the Board had before it a note by the Secretariat on the scale of assessments for the fiscal period 2004-2005 (IDB.27/7). The Board considered a draft decision submitted by the President (IDB.27/L.3) and adopted decision IDB.27/Dec.3 (see annex I).

iv. Working Capital Fund for the biennium 2004-2005

23. Under item 4 (d), the Board had before it the proposals by the Director-General on the Working Capital Fund for the biennium 2004-2005 (IDB.27/4). The Board considered a draft decision submitted by the President (IDB.27/L.4) and adopted decision IDB.27/Dec.4 (see annex I).

v. Financing of UNIDO programmes, including new initiatives for funds mobilization

24. Under item 4 (e), the Board had before it information on the mobilization of financial resources, contained in the *Annual Report 2002* (IDB.27/2, chap. V.C). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 15-16).

vi. Transition to a single-currency system

25. Under item 4 (f), the Board had before it a note by the Secretariat on transition to a single-currency system (IDB.27/9). The Board considered a draft decision submitted by the President (IDB.27/L.5) and adopted decision IDB.27/Dec.5 (see annex I).

vii. Follow-up to report of the External Auditor for the biennium 2000-2001

26. Under item 4 (g), the Board had before it the interim report of the External Auditor, Audit of the United Nations Industrial Development Organization for the financial period 2002-2003 (IDB.27/6). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 19-20).

viii. Appointment of an External Auditor

27. Under item 4 (h), the Board had before it the report by the Director-General on candidatures for the appointment of an External Auditor (IDB.27/5) and additional information provided in a note by the Secretariat (IDB.27/CRP.2). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 21-22).

C. PROGRAMME AND BUDGETS, 2004-2005

28. Under item 5, the Board had before it the proposals by the Director-General for the programme and budgets, 2004-2005 (IDB.27/3). The Board considered a draft decision submitted by the President (IDB.27/L.6) and adopted decision IDB.27/Dec.6 (see annex I).

III. IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005 (item 6); MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007 (item 7)

29. The Board decided to discuss simultaneously items 6 including (a) and (b) and item 7. The debate on the items is reflected in summary record IDB.27/SR.4, paragraphs 1 to 88. The Board had before it a note prepared by the Secretariat on the follow-up to the Third United Nations Conference on the Least Developed Countries (IDB.27/CRP.8), which referred to both items 6 and 7.

A. IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005

30. Under item 6, the Board had before it the report by the Director-General on the implementation of the medium-term programme framework, 2002-2005 (IDB.27/17) and a note by the Secretariat on the status of the integrated programmes and country service frameworks (IDB.27/CRP.6). The Board considered a draft decision submitted by the President (IDB.27/L.12) and adopted decision IDB.27/Dec.7 (see annex I).

i. Update on preparations for the biotechnology forum

31. Under item 6 (a), the Board had before it a note by the Secretariat on preparations for the Global Biotechnology Forum (IDB.27/15) as well as a conference room paper containing updated information

on the preparations (IDB.27/CRP.10). The Board considered a draft decision submitted by the President (IDB.27/L.13) and adopted decision IDB.27/Dec.8 (see annex I).

ii. Field representation

32. Under item 6 (b), the Board had before it a report by the Director-General on field representation: programmatic reform and decentralization (IDB.27/21) and a conference room paper prepared by the Secretariat on decentralization in UNIDO (IDB.27/CRP.9). At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 29-30).

B. MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

33. Under item 7, the Board had before it the revised proposals of the Director-General for the medium-term programme framework, 2004-2007 (IDB.27/14). The Board considered a draft decision submitted by the President (IDB.27/L.11) and adopted decision IDB.27/Dec.9 (see annex I).

IV. INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY

34. The Board had before it a report by the Director-General on the International Centre for Science and High Technology (IDB.27/22). The debate on this item is reflected in summary record IDB.27/SR.4, paragraphs 89 to 94 and IDB.27/SR.5, paragraph 1. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 33-34).

V. ACTIVITIES OF THE JOINT INSPECTION UNIT

35. The Board had before it three reports by the Director-General on the activities of the Joint Inspection Unit (IDB.27/19, Add.1 and Add.2) of which the report contained in IDB.27/19 was to be considered in conjunction with the note by the Secretariat (IDB.27/CRP.3). The debate on item 9 is reflected in summary record IDB.27/SR.5, paragraphs 2 to 19. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 37-38).

VI. PERSONNEL MATTERS

36. The Board had before it a report by the Director-General on personnel matters (IDB.27/16), information on the composition of the Secretariat and personnel-related information, contained in the *Annual Report 2002* (IDB.27/2, appendix L) and a list of UNIDO staff as of 1 August 2003 as contained in IDB.27/CRP.4. The debate on item 10 is reflected in summary record IDB.27/SR.5, paragraphs 20 to 23. The Board considered a draft decision submitted by the President (IDB.27/L.7) and adopted decision IDB.27/Dec.10.

VII. CONSULTATIONS WITH NON-MEMBER STATES

37. The Board had before it a progress report by the Director-General on consultations with non-Member States (IDB.27/20). The debate on item 11 is reflected in summary record IDB.27/SR.5, paragraphs 24 to 30. At the proposal of the President, the Board took note of the documentation provided by the Secretariat (IDB.27/SR.6, paras. 39-40).

VIII. MATTERS RELATED TO INTER-GOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS

38. The Board had before it a note by the Director-General containing an application from a non-governmental organization for consultative status (IDB.27/18). The debate on item 12 is reflected in summary record IDB.27/SR.5, paragraphs 31 to 34. The Board considered a draft decision submitted by the President (IDB.27/L.8) and adopted decision IDB.27/Dec.11 (see annex I).

IX. PREPARATIONS FOR THE TENTH SESSION OF THE GENERAL CONFERENCE

39. The Board had before it a report by the Director-General on preparations for the tenth session of the General Conference (IDB.27/13). The debate on item 13 is reflected in summary record IDB.27/SR.5, paragraphs 35 to 38. The Board considered a draft decision submitted by the President (IDB.27/L.9) and adopted decision IDB.27/Dec.12 (see annex I).

X. PROVISIONAL AGENDA AND DATE OF THE TWENTY-EIGHTH SESSION

40. The Board had before it a conference room paper containing a note by the Director-General on the provisional agenda and date of the twenty-eighth session (IDB.27/CRP.5). The debate on item 14 is reflected in summary record IDB.27/SR.5, paragraph 39. The Board considered a draft decision

submitted by the President (IDB.27/L.10) and adopted decision IDB.27/Dec.13 (see annex I).

XI. ADOPTION OF THE REPORT

41. The Board considered the draft report (IDB.27/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.27/SR.6, paras. 51 to 53).

XII. CLOSURE OF THE SESSION

42. On 28 August 2003, at 4.40 p.m., the Board closed its twenty-seventh session (see IDB.27/SR.6, paras. 54-56).

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS TWENTY-SEVENTH SESSION

Decision No.	Title	Page
IDB.27/Dec.1	Utilization of available conference-servicing resources (IDB.27/SR.2, paras. 1-2)	8
IDB.27/Dec.2	Financial situation of UNIDO (IDB.27/SR.6, paras. 9-10)	8
IDB.27/Dec.3	Scale of assessments for the fiscal period 2004-2005 (IDB.27/SR.6, paras. 11-12)	8
IDB.27/Dec.4	Working Capital Fund for the biennium 2004-2005 (IDB.27/SR.6, paras. 13-14)	8
IDB.27/Dec.5	Transition to a single-currency system (IDB.27/SR.6, paras. 17-18)	8
IDB.27/Dec.6	Programme and budgets, 2004-2005 (IDB.27/SR.6, paras. 23-24)	9
IDB.27/Dec.7	Strengthening industrial capacities (IDB.27/SR.6, paras. 25-26)	9
IDB.27/Dec.8	Preparations for the biotechnology forum (IDB.27/SR.6, paras. 43-46)	9
IDB.27/Dec.9	Support to the least developed countries (IDB.27/SR.6, paras. 31-32)	10
IDB.27/Dec.10	Personnel matters (IDB.27/SR.6, paras. 37-38)	11
IDB.27/Dec.11	Application from a non-governmental organization for consultative status (IDB.27/SR.6, paras. 41-42)	11
IDB.27/Dec.12	Preparations for the tenth session of the General Conference (IDB.27/SR.6, paras. 47-48)	11
IDB.27/Dec.13	Provisional agenda and date of the twenty-eighth session (IDB.27/SR.6, paras. 49-50)	12

IDB.27/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its twenty-seventh session only and provided no substantive decisions were taken at those meetings.

2nd plenary meeting
26 August 2003

IDB.27/Dec.2 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note of the information provided in documents IDB.27/10 and PBC.19/CRP.5;

(b) Requested Member States to pay their assessed contributions, including advances to the Working Capital Fund, in full and on time;

(c) Urged those Members and former Members that are in arrears to fulfil their constitutional obligations towards the Organization without further delay;

(d) Requested the Director-General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears;

(e) Congratulated the Director-General for document PBC.19/CRP.5 providing information on incentives and disincentives and requested the Secretariat to continue its efforts to provide more detailed information concerning the effectiveness of existing mechanisms under other international organizations to encourage Member States to pay their assessed contributions in a timely manner.

6th plenary meeting
28 August 2003

IDB.27/Dec.3 SCALE OF ASSESSMENTS FOR THE FISCAL PERIOD 2004-2005

The Industrial Development Board:

(a) Took note of documents IDB.27/7 and Add.1;

(b) Recommended that the General Conference, under its constitutional prerogative, establish a scale of assessments for the fiscal period 2004-2005 based on United Nations General Assembly resolutions 55/5 B-F and 57/4 B, adjusted to the membership of UNIDO on the understanding that new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments, as applicable to UNIDO;

(c) Requested Member States to pay their assessed contributions for the 2004-2005 biennium in accordance with financial regulation 5.5 (b), which states that contributions and advances shall be due and payable in full within thirty days of the receipt of the communication of the Director-General, or as of the first day of the calendar year to which it relates, whichever is later;

(d) Called on Member States and former Member States that are in arrears to fulfil their constitutional obligations by paying their outstanding assessed contributions in full and without conditions as soon as possible, or to take advantage of payment plans to settle their arrears in accordance with previous decisions by the governing bodies of UNIDO.

6th plenary meeting
28 August 2003

IDB.27/Dec.4 WORKING CAPITAL FUND FOR THE BIENNIUM 2004-2005

The Industrial Development Board:

(a) Took note of document IDB.27/4;

(b) Recommended to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 2004-2005 biennium remain the same as for the 2002-2003 biennium (€7,423,030);

(c) Urged Member States to pay their outstanding assessed contributions for 2003 and arrears as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions.

6th plenary meeting
28 August 2003

IDB.27/Dec.5 TRANSITION TO A SINGLE-CURRENCY SYSTEM

The Industrial Development Board:

(a) Took note of the information provided in document IDB.27/9 on the transition to a single-

currency system, and in particular regarding the preparation of the interim financial performance report for the biennium 2002-2003;

(b) Noted with satisfaction the steps taken by the Director-General to ensure the introduction of the euro as a single-currency for budgeting, assessment, accounting and reporting;

(c) Requested the Director-General to inform Member States of further developments, inter alia, resulting from the closure of the biennium's accounts, as well as on the management of technical cooperation projects in both dollars and euros.

6th plenary meeting
28 August 2003

IDB.27/Dec.6 PROGRAMME AND BUDGETS, 2004-2005

The Industrial Development Board:

(a) Adopted for submission to the General Conference for consideration and approval the programme and budgets for the biennium 2004-2005 as contained in document IDB.27/3 and adjusted in the current decision;

(b) Having considered the resource requirements for the regular budget contained in document IDB.27/3, recommended to the General Conference the approval of estimates of gross expenditures of €145,013,300 to be financed from assessed contributions in the amount of €142,000,000 and other income of €3,013,300;

(c) Also recommended to the General Conference the approval of estimates of gross expenditures totalling €21,826,870 for the purpose of the operational budget for the biennium 2004-2005 to be financed from voluntary contributions in the amount of €21,512,370 and other income amounting to €314,500 as may be provided for in the financial regulations;

(d) Noted the assurance by the Secretariat that the delivery of technical cooperation would be preserved in quantity and quality terms;

(e) Requested the Director-General to raise the necessary resources through voluntary contributions with the assistance of the working group on voluntary contributions, to ensure that the reduction in the regular budget did not affect technical cooperation delivery in a negative manner;

(f) Also requested the Director-General to continue to seek efficiency gains in the implementation of the programme and budgets;

(g) Recommended that the present reduction in the budget would not be treated as a precedent for future budget.

6th plenary meeting
28 August 2003

IDB.27/Dec.7 STRENGTHENING INDUSTRIAL CAPACITIES

The Industrial Development Board:

(a) Took note of the information contained in document IDB.27/17 on the establishment of an informal consultative group on trade capacity-building, comprising interested Member States, to advise and assist the Director-General in implementing the UNIDO initiative on "Enabling Developing Countries to Participate in International Trade";

(b) Urged interested Member States to continue participating in the activities of the informal consultative group on trade capacity-building;

(c) Urged Member States to render their valuable support in the implementation of the initiative on "Enabling Developing Countries to Participate in International Trade";

(d) Requested the Director-General to keep Member States regularly informed on the group's activities and recommendations and on the related programmes.

6th plenary meeting
28 August 2003

IDB.27/Dec.8 PREPARATIONS FOR THE BIO-TECHNOLOGY FORUM

The Industrial Development Board:

(a) Reaffirmed the decision on the Global Biotechnology Forum (IDB.26/Dec.8) adopted by the Industrial Development Board at its twenty-sixth session;

(b) Recalled the General Assembly resolution (57/237) on the Global Biotechnology Forum adopted on 20 December 2002;

(c) Recalled also the Millennium Development Goals;

(d) Reaffirmed that the priorities of the Forum should clearly relate to UNIDO's mandate as indicated in the medium-term programme framework, 2002-2005;

(e) Took into account the interest expressed by UNIDO Member States in a successful outcome of the Forum, which required an efficient preparatory process for all concerned regions and a clear focus of the Forum;

(f) Took note with interest of the useful information recently provided by the Director-General on the preparations for the Forum on Biotechnology;

(g) Also took note with appreciation of the present action by Chile, host of the Global Biotechnology Forum, on its national preparations towards the successful implementation of the Forum;

(h) Requested the Director-General:

(i) To consult with Member States on the ongoing preparatory process, including the preparations for preparatory meetings in all regions, and to provide regular and detailed information on the outcome of those meetings and on the sources of funding and expenditures;

(ii) To prepare and circulate as soon as possible a substantive document with action-oriented recommendations in the context of the industrial application of biotechnology as related to UNIDO's mandate, with a view to promoting sustainable industrial development, taking duly into account the objectives set out in the Millennium Development Goals;

(iii) To prepare, in consultation with Member States and taking into account the outcomes of the preparatory process of all regions, a draft final statement of the Forum, which should be circulated well in advance to allow in-depth examination by participants before the Forum;

(iv) To provide Member States with an indicative level of participation by the end of January 2004;

(i) Urged Member States to provide valuable support and representation at the highest appropriate level, and to encourage participation of all other stakeholders, in order to ensure a successful outcome of the Forum;

(j) Encouraged the Director-General to continue his efforts in order to ensure the contribution of the Forum to the fulfilment of UNIDO's mandate and to the development of UNIDO's programmes and projects in that respect.

6th plenary meeting
28 August 2003

IDB.27/Dec.9 SUPPORT TO THE LEAST DEVELOPED COUNTRIES

The Industrial Development Board:

(a) Recalled the endorsement by the United Nations General Assembly, in resolution 55/279 of 12 July 2001, of the Brussels Declaration and Programme of Action for the Least Developed Countries for the Decade 2001-2010, as adopted by the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001;

(b) Recalled also resolution 2002/33 of 26 July 2002 of the Economic and Social Council, United Nations General Assembly resolutions 56/227 of 24 December 2001 and 57/276 of 20 December 2002, in which the United Nations system and other multilateral organizations were invited to mainstream the implementation of the Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001-2010 within their programmes of work;

(c) Recalled further the Rabat Declaration on the Least Developed Countries issued in June 2003, as a contribution of the Group of 77 and China to give priority to the efforts aiming at implementing the programmes intended for the least developed countries;

(d) Recalled, in particular, the recommendations for the industrialization of the least developed countries in the Business Plan of UNIDO and in subsequent mandates of the UNIDO governing bodies, including resolutions GC.7/Res.4 and GC.9/Res.2 and Board decision IDB.23/Dec.10 on UNIDO involvement in the Third United Nations Conference on the Least Developed Countries;

(e) Took into account the priority given to least developed countries in the strategic guidelines "Towards improved UNIDO programme delivery", as adopted by the Board in decision IDB.26/Dec.7;

(f) Noted with satisfaction the valuable support given and measures taken by UNIDO, as reported in the *Annual Report 2002* (IDB.27/2, chap. IV.A), in line with the priorities identified in the Business Plan;

(g) Stressed the importance of coordination between UNIDO and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States established by the United Nations General Assembly in resolution 56/227;

(h) Resolved that UNIDO, in accordance with its Business Plan, should continue to give special attention to the least developed countries in its programme activities in order to contribute to the effective implementation of the Brussels Programme of Action and invited the Director-General to take necessary measures in that regard;

(i) Also invited the Director-General to take into account the Programme of Action for the Least Developed Countries in formulating and implementing UNIDO activities.

6th plenary meeting
28 August 2003

IDB.27/Dec.10 PERSONNEL MATTERS

The Industrial Development Board:

(a) Took note of the information contained in document IDB.27/16;

(b) Noted the amendments made in pursuance of staff regulation 13.3 to schedule I and annex II of the staff regulations in order to bring them into conformity with the decision of the General Assembly set out in resolution 57/285;

(c) Also noted the amendments to appendices A, C and E to the staff rules;

(d) Recognized the competitive and transparent process that had been used to appoint senior managers in the Organization and the accomplishments so far in improving the gender balance in UNIDO;

(e) Welcomed the Director-General's recent decision to cease recruitment in Headquarters under the 200 series of staff rules and appointments of limited duration under the 300 series and to use the significant reduction in the time needed to recruit staff to ensure that all staff are recruited through a competitive and transparent process, wherever possible with prior information, with continued emphasis to improving gender balance and having equitable geographical representation;

(f) Invited the Secretariat to continue providing Member States with information on anticipated vacancies and thus through regular dialogue encourage recruitment of best candidates in a timely fashion;

(g) Recommended to the General Conference the following candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2004-2005:

Members: Mr. Cédric Janssens de Bisthoven (Belgium)
Mr. Mlulami M. L. Singaphi (South Africa)

Alternate Members: Mrs. Vesna Vukovič (Croatia)
Mr. Tanmaya Lal (India).

6th plenary meeting
28 August 2003

IDB.27/Dec.11 APPLICATION FROM A NON-GOVERNMENTAL ORGANIZATION FOR CONSULTATIVE STATUS

The Industrial Development Board:

(a) Took note of the information provided in document IDB.27/18;

(b) Decided, in accordance with Article 19.1 (b) of the Constitution and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 17), to grant consultative status with UNIDO to the non-governmental organization World Federation of Free Zones (FEMOZA).

6th plenary meeting
28 August 2003

IDB.27/Dec.12 PREPARATIONS FOR THE TENTH SESSION OF THE GENERAL CONFERENCE

The Industrial Development Board:

(a) Took note of the information provided in document IDB.27/13;

(b) Approved the following provisional agenda for the tenth session of the General Conference:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Organization of work.
5. Credentials of representatives to the Conference.
6. Elections to organs:
   (a) Industrial Development Board;
   (b) Programme and Budget Committee.
7. Annual reports of the Director-General on the activities of the Organization for 2001 and 2002.
8. Reports of the Industrial Development Board on the work of its twenty-fifth, twenty-sixth and twenty-seventh regular sessions.
9. The role of industrial development in the achievement of the Millennium Development Goals (forum).
10. Financial matters:
    (a) Scale of assessments of Member States;
    (b) Financial situation of UNIDO;
    (c) Working Capital Fund;
    (d) Transition to a single-currency system;
    (e) Appointment of an External Auditor.
11. Implementation of the medium-term programme framework, 2002-2005.
12. Medium-term programme framework, 2004-2007, including:
    (a) Field representation;
    (b) Application of the strategic guidelines "Towards improved UNIDO programme delivery";
    (c) Integrated programmes and country service frameworks;
    (d) Service modules;
    (e) Corporate strategy of the Organization.
13. Programme and budgets, 2004-2005.
14. Activities of the Joint Inspection Unit—JIU review of management and administration in UNIDO.
15. International Centre for Science and High Technology.
16. UNIDO Staff Pension Committee.
17. Matters related to intergovernmental, non-governmental, governmental and other organizations.
18. Application for observer status.
19. Date and place of the eleventh session.
20. Closure of the session.

(c) Agreed to hold a forum on "The role of industrial development in the achievement of the Millennium Development Goals" within the framework of the General Conference (provisional agenda, item 9);

(d) Recommended to the Conference that items 7 to 17 and item 19 of the provisional agenda be allocated to a main committee of the Conference;

(e) Recommended that, in the light of experience gained in the preparation of previous sessions of the Conference, the President of the twenty-seventh session of the Industrial Development Board conduct informal consultations for the preparation of the tenth session of the Conference;

(f) Took note of the preliminary announcement made by Colombia regarding its intention to host the eleventh session of the General Conference of UNIDO at Cartagena in 2005.

6th plenary meeting
28 August 2003

IDB.27/Dec.13 PROVISIONAL AGENDA AND DATE OF THE TWENTY-EIGHTH SESSION

The Industrial Development Board:

(a) Took note of the information contained in document IDB.27/CRP.5;

(b) Decided to approve the following provisional agenda for its twenty-eighth session:

1. Election of officers.

2. Adoption of the agenda.

3. Annual report of the Director-General for 2003 on the activities of the Organization.

4. Outcome of the informal consultative groups.

5. Application of the strategic guidelines "Towards improved UNIDO programme delivery".

6. Financial situation of UNIDO.

7. Transition to a single-currency system.

8. Activities of the Joint Inspection Unit.

9. Global Biotechnology Forum.

10. Consultations with non-Member States.

11. Personnel matters [if required].

12. Matters related to intergovernmental, non-governmental, governmental and other organizations.

13. Provisional agenda and date of the twenty-ninth session.

14. Adoption of the report.

(c) Decided to hold its twenty-eighth session from 25 to 27 May 2004.

6th plenary meeting
28 August 2003

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTY-SEVENTH SESSION

Symbol	Agenda item	Title
IDB.27/1	2	Provisional agenda
IDB.27/1/Add.1	2	Annotated provisional agenda
IDB.27/2 PBC.19/2	3	*Annual Report 2002*
IDB.27/2/Add.1 PBC.19/2/Add.1	3	*Annual Report 2002*. List of technical cooperation activities
IDB.27/3 PBC.19/3	5	Programme and budgets, 2004-2005. Proposals of the Director-General
IDB.27/4 PBC.19/4	4 (d)	Working Capital Fund for the biennium 2004-2005. Proposals by the Director-General
IDB.27/5 PBC.19/5 and Add.1	4 (h)	Candidatures for the appointment of an External Auditor. Report by the Director-General
IDB.27/6 PBC.19/6	4 (a) and (g)	Interim report of the External Auditor: Audit of the United Nations Industrial Development Organization for the financial period 2002-2003
IDB.27/7 PBC.19/7 and Add.1	4 (c)	Scale of assessments for the fiscal period 2004-2005. Note by the Secretariat
IDB.27/8 PBC.19/8	4 (a)	Interim financial performance report for the biennium 2002-2003. Submitted by the Director-General
IDB.27/9 PBC.19/9	4 (f)	Transition to a single-currency system. Note by the Secretariat
IDB.27/10 PBC.19/10	4 (b)	Financial situation of UNIDO, including arrears. Report by the Director-General
IDB.27/11/Rev.1	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
IDB.27/12	4	Report of the Programme and Budget Committee on the work of its nineteenth session (28-30 April 2003)
IDB.27/13	13	Preparations for the tenth session of the General Conference. Report by the Director-General
GC.10/5 IDB.27/14	7	Medium-term programme framework, 2004-2007. Revised proposals of the Director-General
IDB.27/15	6 (a)	Preparations for the Global Biotechnology Forum. Note by the Secretariat

Symbol	Agenda item	Title
IDB.27/16	10	Personnel matters. Report by the Director-General
GC.10/6 IDB.27/17	6	Implementation of medium-term programme framework, 2002-2005. Report by the Director-General
IDB.27/18	12	Applications from non-governmental organizations for consultative status. Note by the Director-General
IDB.27/19 and Add.1	9	Activities of the Joint Inspection Unit. Report by the Director-General
IDB.27/19/Add.2	9	Comments of the Director-General on the JIU review of management and administration in UNIDO
IDB.27/20	11	Consultations with non-Member States. Report by the Director-General
GC.10/8 IDB.27/21	6 (b)	Field representation. Programmatic reform and decentralization. Report by the Director-General
GC.10/7 IDB.27/22	8	International Centre for Science and High Technology. Report by the Director-General
		Conference room papers
IDB.27/CRP.1	2	Adoption of the agenda. List of documents
IDB.27/CRP.2	4 (h)	Candidatures for the appointment of an External Auditor. Note by the Secretariat
IDB.27/CRP.3	9	Activities of the Joint Inspection Unit. Note by the Secretariat
IDB.27/CRP.4	10	List of staff of the UNIDO Secretariat. Submitted by the Secretariat
IDB.27/CRP.5	14	Provisional agenda and date of the twenty-eighth session. Note by the Director-General
IDB.27/CRP.6	6	Implementation of medium-term programme framework, 2002-2005. Integrated programmes and country service frameworks. Note by the Secretariat
IDB.27/CRP.7	4 (b)	Financial situation of UNIDO. Note by the Secretariat
IDB.27/CRP.8	6 and 7	Follow-up to the Third United Nations Conference on the Least Developed Countries. Note by the Secretariat
IDB.27/CRP.9	6 (b)	Decentralization in UNIDO. Note by the Secretariat
IDB.27/CRP.10	6 (a)	Preparations for the Global Biotechnology Forum. Note by the Director-General
IDB.27/CRP.11	-	List of participants

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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Tenth session
Vienna, 1-5 December 2003

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 7 of the provisional agenda

MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

Revised proposals of the Director-General

Provides information on proposed activities in the forthcoming medium-term programme framework period, 2004-2007.

Introduction

1. The present note is submitted in accordance with Industrial Development Board decision IDB.26/Dec.7, adopted at the twenty-sixth session, which requested the Director-General to take the strategic guidelines "Towards improved UNIDO programme delivery", adopted by the Board at the same session, fully into account when developing his proposals for the medium-term programme framework (MTPF), 2004-2007. As such, it follows upon the proposals submitted by the Director-General to the Board at its twenty-sixth session through the Programme and Budget Committee in document IDB.26/8-PBC.18/9, in accordance with General Conference decision GC.2/Dec.23, as subsequently amended in decision GC.6/Dec.10. The note also complies with paragraph (b) (v) d of decision GC.2/Dec.23, which requests the Director-General to indicate a general ceiling for the biennium 2004-2005 based on anticipated resources and on programme activity.

I. BACKGROUND—THE BUSINESS PLAN AND THE STRATEGIC GUIDELINES

2. The underlying programmatic objectives and priorities of UNIDO are given in the Business Plan on the Future Role and Functions of UNIDO endorsed by the General Conference in resolution GC.7/Res.1, and reaffirmed by the General Conference in resolution GC.9/Res.2 on the MTPF, 2002-2005.

3. While continuing to recognize the validity of the Business Plan as a basis for the organizational and programmatic transformation of UNIDO, the Board adopted the strategic guidelines "Towards improved UNIDO programme delivery" at its twenty-sixth session in November 2002 (IDB.26/Dec.7). Initially proposed by Japan, the guidelines were finalized over a period of several weeks through closely coordinated and concerted efforts of Member States. They are intended to provide the Organization with a framework for further focusing its technical cooperation and global forum

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activities on producing practical and useful deliverables in areas where it has a comparative advantage. In particular, they were intended to point the way for the implementation of the MTPF for 2002-2005, the formulation of the MTPF for 2004-2007, and the preparation of the programme and budgets for 2004-2005. Detailed information on the implementation of the MTPF for 2002-2005 is provided in document IDB.27/16.

4. Since the adoption of the strategic guidelines, UNIDO has made strenuous efforts to comply with their stipulations. These efforts include ongoing reviews of the technical cooperation services provided by UNIDO, the relationship between the Organization's technical cooperation and global forum activities, and its field representation. These reviews were initiated by the Director-General after the Board of Directors' retreat in February 2003 and are being conducted by specially-constituted working groups of senior staff under the chairmanship of the Managing Directors. (An information note with the summary of discussions and recommendations from the Board of Directors' retreat, which represented a first organizational response to the strategic guidelines, was circulated to Permanent Missions on 10 April 2003.) Furthermore, as pointed out in document IDB.27/17, the strategic guidelines were issued as a booklet in March 2003 and distributed to UNIDO staff with a foreword by the Director-General stressing that all staff should fully understand the guidance given by the Member States in the strategic guidelines so that UNIDO could fully meet their expectations. Meanwhile, due attention to the requirements of the strategic guidelines was also given in the drafting of the programme and budget proposals, 2004-2005, which address all the principal issues contained in the guidelines and were recommended by the Programme and Budget Committee for adoption by the Board.

II. FORMULATION OF THE MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

5. A comprehensive proposal for the MTPF for 2004-2007 will be presented to Member States for their deliberation at the tenth session of the General Conference. While the precise content of the MTPF will be contingent upon the outcomes of the review process currently being undertaken by UNIDO as described above, its formulation will be based on the Business Plan and the strategic guidelines. In addition, due account will be taken of the evolving objectives and priorities of the international development agenda, as given by the Millennium Development Goals (MDGs) and the related decisions taken by the international community in recent years at such conferences as the Third United Nations Conference on the Least Developed Countries (LDC III) held at Brussels in May 2001, the International Conference on Financing for Development held at Monterrey in March 2002, and the World Summit on Sustainable Development held at Johannesburg in August-September 2002.

6. The substantive adjustments currently being made by UNIDO to the content of its services in response to the strategic guidelines and the shifts in the global development objectives will help the Organization to improve the coverage, efficiency and effectiveness of these services, and to ensure the Organization's continued responsiveness to the changing industrial development requirements of its client countries. In order to ensure a degree of continuity, however, these services will continue to be provided within the framework of the existing eight service modules established under the MTPF for 2002-2005:

(a) Industrial governance and statistics;

(b) Investment and technology promotion;

(c) Quality and productivity;

(d) Small business development;

(e) Agro industries;

(f) Industrial energy and Kyoto Protocol;

(g) Montreal Protocol;

(h) Environment management.

7. Similarly, UNIDO will continue to use the two established vehicles for providing these services:

(a) Integrated programmes (IPs) or country service frameworks (CSFs), where a selection of service modules is employed in a coherent and mutually reinforcing manner to assist client countries in overcoming their critical industrial development problems;

(b) Stand-alone projects involving only one or two service modules.

8. In addition, the concept of "thematic initiatives" launched in 2002-2003 will continue to be further developed where appropriate to bring together a number of related services to address particular developmental challenges within the context of either IPs/CSFs or stand-alone projects. The issues addressed by such initiatives launched to date comprise:

(a) Strengthening the supply capacity of developing countries and transition economies by helping them to meet quality and standards requirements and overcome other technical barriers to trade,

and thus to access international markets. This initiative was launched at the International Conference on Financing for Development in Monterrey in March 2002. Projects to operationalize this initiative have been developed, inter alia, for Central America, the SAARC region, and the Mekong Delta region;

(b) Supporting the industrial rehabilitation of countries emerging from crisis situations. This initiative is being piloted with a regional project for the rehabilitation of industrial enterprises in Afghanistan, with the collaboration of Iran and Pakistan;

(c) Promoting the availability of rural energy from renewable sources for productive use. This initiative was launched at the World Summit for Sustainable Development in Johannesburg in September 2002 and is being operationalized in a number of areas, including a micro-hydropower project in the rural areas of Mali and another micro-hydropower project in the Amazonian region of Ecuador.

9. The resources required for the implementation of the first phase of the MTPF for 2004-2007 have already been presented in the proposed programme and budgets for 2004-2005 (IDB.27/3-PBC.19/3).

III. ACTION REQUIRED OF THE BOARD

10. The Board may wish to take note of the information contained in the present document.

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Tenth session
Vienna, 1-5 December 2003

INDUSTRIAL DEVELOPMENT BOARD

Twenty-seventh session
Vienna, 26-28 August 2003
Item 6 of the provisional agenda

IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005

Report by the Director-General

Reports on the implementation of measures contained in General Conference resolution GC.9/Res.2, medium-term programme framework, 2002-2005.

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Abbreviations

AfrIPANet	Africa Investment Promotion Agency Network
AIDMO	Arab Industrial Development and Mining Organization
CAD/CAM	computer-aided design/computer-aided manufacturing
CAMI	Conference of African Ministers of Industry
CBD	Convention on Biological Diversity
CDM	Cleaner Development Mechanism
COMFAR	Computer Model for Feasibility Analysis and Reporting
COMPID	combating marginalization and poverty through industrial development
CP	cleaner production
ESCWA	United Nations Economic and Social Commission for Western Asia
EST	environmentally sound technology
GEF	Global Environment Facility
HRMF	Human Resources Management Framework
ILO	International Labour Organization
IPA	investment promotion agency
ISO	International Organization for Standardization
ITC	International Trade Centre
ITPO	Investment and Technology Promotion Office
LDC	least developed country
LME	large marine ecosystem
MTPF	medium-term programme framework
NCPC	National Cleaner Production Centre
NCPP	national cleaner production programme
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NIP	national implementation plan
NIS	Newly Independent State
NP	Nordic Partnership
ODP	ozone-depleting potential
OECD	Organization for Economic Cooperation and Development
POP	persistent organic pollutant
SME	small and medium enterprise
TICAD II	Second Tokyo International Conference on African Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WIPO	World Intellectual Property Organization
WSSD	World Summit for Sustainable Development
WTO	World Trade Organization

Introduction: The context

1. This document is issued in accordance with resolution GC.9/Res.2 on the medium-term programme framework (MTPF), 2002-2005. That resolution encouraged the Director-General to devote particular attention to a number of specific issues in the implementation of the Business Plan during 2002-2005, and called upon him to report to the tenth session of the Conference, through the Board, on its implementation. The present report highlights the issues selected for special attention in resolution GC.9/Res.2 and summarizes the principal measures taken in response.

2. In this connection it may be noted that at its twenty-sixth session in November 2002, the Board adopted the strategic guidelines "Towards improved UNIDO programme delivery" contained in document IDB.26/15, and through decision IDB.26/Dec.7 requested the Director-General to take these guidelines fully into account when implementing the MTPF, 2002-2005. To ensure full compliance with that decision, the strategic guidelines were issued as a booklet in March 2003, which was distributed to all UNIDO staff. In his foreword, the Director-General stressed that all staff should fully understand the guidance given by the Member States in the strategic guidelines so that UNIDO could fully meet their expectations in the design and implementation of its activities.

I. STRENGTHENING INDUSTRIAL CAPACITIES

Maintaining and reinforcing the sectoral priorities defined in the Business Plan

3. In order to enhance UNIDO's abilities to implement activities meeting the sectoral priorities defined in the Business Plan more effectively and efficiently, the Secretariat has reconfigured the Organization's structure into three divisions—two substantive and one administrative—with effect from 1 March 2002. All of the substantive areas involved in the development of technical cooperation programmes have been brought together into a single division, in order to promote a coherence of efforts, strengthen a strategic approach and improve UNIDO's delivery and

technical capacity. The second substantive division combines programme coordination, strategic research and the Regional Bureaux.

4. This change in UNIDO's structure is being accompanied by efforts to refine its eight service modules to ensure their consistency with the evolving international development agenda. Particular emphasis is paid to maintain the alignment of UNIDO's services with the Millennium Development Goals. Due account is also being taken of the important development-related decisions taken by the international community at such events as the International Conference on Financing for Development, held in March 2002 at Monterrey, Mexico, and the World Summit for Sustainable Development (WSSD), held at Johannesburg, South Africa, in August/September 2002. Recognizing the importance of productivity growth as one of the principal means of achieving the international development objectives, the UNIDO services are also being redesigned to focus on productivity enhancement.

5. While proceeding with the formulation and implementation of integrated programmes and country service frameworks, UNIDO has also developed a limited number of thematic initiatives to provide specialized assistance to developing countries and countries with economies in transition in meeting particularly pressing development needs. These are intended to address key subjects on the international development agenda while reflecting UNIDO's comparative advantages in the field of industrial development. The initiatives introduced to date cover the topics of facilitating market access, developing rural energy for productive use, and assisting in post-crisis recovery and rehabilitation.

Supporting institutional capacity-building in relation to technical regulations and standards, to facilitate market access

6. Particularly strong emphasis continues to be given to the subject of facilitating access to international markets for developing countries and transition countries by helping them to meet quality and standards requirements and overcome other technical barriers to trade. The need for support in this field to enable developing countries and transition economies to share the benefits of globalization more fully and reduce poverty has been stressed by the Ministerial Meeting at Doha of the World Trade Organization (WTO) and by the New Partnership for Africa's Development (NEPAD). In response, UNIDO launched a special initiative for trade-related technical cooperation at the Monterrey International Conference on Financing for Development. Under this initiative UNIDO provides support services focused on developing standards, metrology and conformity assessment; on assisting testing laboratories to obtain international accreditation; on supporting capacity development for ISO 9000 and ISO 14000; and on upgrading quality and productivity. Projects providing these and related services have been formulated for, or implemented in, a wide range of countries and regions.

7. The Director-General has also established an informal consultative group of representatives from interested Member States to advise and assist him in implementing the initiative on trade and market access facilitation. This group is co-chaired by the Permanent Representatives of Peru and the United Kingdom. At a meeting on 16 May 2003 many useful suggestions were made by the group regarding specific areas in which UNIDO, based on its mandate and comparative advantage, could provide practical technical assistance to developing countries and transition economies in strengthening their productive capacities, especially in the areas of quality, standards and conformity assessment. The Director-General expects the group to advise him on a continuing basis to carry out the Organization's activities in these areas.

8. UNIDO is also closely coordinating with other relevant international agencies, such as WTO, UNCTAD, ITC, UNDP and JITAP, to define and focus UNIDO's interventions in support of industrial development for market access and strengthen inter-agency cooperation in this field. Discussions on a joint programme of technical cooperation between UNIDO and WTO are in progress and are expected to be concluded during the WTO ministerial meeting scheduled for September 2003 at Cancun, Mexico. UNIDO also continues to place great importance on strengthening its cooperation with bilateral technical agencies as well as its collaboration with other parties in the trade-related initiative of NEPAD. A meeting was held in Vienna on 23 and 24 April 2003 with the participation of a number of international technical agencies to improve the coordination of technical assistance delivery to developing countries in the fields of metrology, accreditation and standardization. The meeting also considered the possibility of organizing an international seminar on these matters in 2004. In other activities at the global forum level, UNIDO actively participated in the Second International Forum on Trade Facilitation—Sharing the gains of globalization in the new security environment, held in Geneva on 14 and 15 May 2003, and continued to contribute to the WTO/OECD database on trade-related technical assistance and the United Nations Trade Facilitation Network. New promotional materials and a web site on UNIDO's trade-related initiative are under preparation for better dissemination of information.

Promoting investment and technology transfer, sectoral interaction with the private sector and interregional cooperation

9. UNIDO's investment and technology promotion activities focus on promoting partnerships and organic ties (such as technology transfer, subcontracting, joint marketing and other forms of strategic agreements) between foreign and domestic enterprises. Particular emphasis is placed on strengthening the capacities of investment promotion agencies (IPAs) and relevant private sector institutions in the identification, formulation, appraisal and promotion of investment projects. This is accompanied by the formulation of enterprise and investment project profiles, and their promotion through the Investment and Technology Promotion Office (ITPO) network, usually by trained national staff seconded to ITPOs. Special investment forums are also organized, usually at the subsector or bilateral levels but occasionally at the broader regional or multi-sector levels, as at the Organization of African Unity (subsequently renamed the African Union) Forum at Cairo in April 2002.

10. In addition, regional networks of IPAs are being established to provide UNIDO with a focus group for developing new approaches and generating unique empirical analyses. One such network, the Africa Investment Promotion Agency Network (AfriPANet), has already been established in sub-Saharan Africa, in the context of which a survey is being carried out in 2003 to establish the level of interest of foreign investors in making further investments in the region and their requirements for undertaking such investment. The results of this survey, which will be released at the next meeting of AfrIPANet proposed as a side event to the UNIDO General Conference (1-5 December 2003), will be used to design practical programmes for assisting developing countries in mobilizing foreign and domestic investments. This IPA network concept is currently being extended, including to India and Latin America.

11. Efforts have continued to strengthen the linkages of UNIDO's investment promotion activities with its environment and energy services, e.g. in a project in the Savannakhet industrial zone in the Lao People's Democratic Republic focusing on expanding local industrial capacity in the textile and wood sectors. This project also provided for the Government to standardize the contract package for using private financing for the hydropower export-oriented scheme. Meanwhile, UNIDO's well-established Computer Model for Feasibility Analysis and Reporting (COMFAR) is being redesigned with the United Nations Environment Programme (UNEP) to take account of environmental issues and will be released in a new version called "Green COMFAR".

12. Measures are also being taken to enhance cooperation with development financing institutions and national/regional equity funds, such as the African Communications Agency in Nigeria, to establish more direct links between the investment opportunities generated by UNIDO programmes and equity financing mechanisms. A large-scale three-year cooperation programme has been established with the Islamic Development Bank/Islamic Corporation for the Insurance of Investment and Export Credit, and will be implemented in four countries (Bangladesh, Sudan, Uganda and Yemen), from September 2003. Similarly, a venture capital fund located in Bahrain has expressed interest in collaborating with UNIDO and the Arab Regional Centre for Entrepreneurship and Investment Training to finance investment projects in countries in the Arab region.

Assisting in the development of small and medium enterprises through policy advice and the strengthening of support institutions, with special emphasis on rural and women entrepreneurship

13. In continuing to promote effective policies and specialized support for small and medium enterprise (SME) development, the focus of UNIDO services has been sharpened further to foster customized responses to the needs of different groups of countries and support institutions. Emphasis has been placed on least developed countries (LDCs), with over 40 per cent of delivery going to that group of countries.

14. With regard to industrial strategies and institutional support, competitiveness analyses and benchmarking systems have been developed for countries to track their manufacturing performance and measure it against peer and competitor nations. An analysis of the improvement of Thailand's manufacturing competitiveness through the promotion of technology, productivity and linkages has been published in Technical Working Paper No. 8. In addition, SME policy frameworks have been developed for Ghana and Iran (Islamic Republic of), defining the role that SMEs should play in fostering socio-economic development in those countries and recommending appropriate institutional arrangements for advocacy and coordination for formulating, implementing and monitoring effective SME policy measures and support programmes. A large-scale assistance programme in Viet Nam also focuses on enhancing the dialogue between representative business organizations and public bodies. In the United Republic of Tanzania, an SME policy document prepared with the support of UNIDO has been ratified by the Cabinet.

15. The objective of rural and women's entrepreneurship development, to eradicate poverty, is one of the goals of the United Nations Millennium

Declaration. In supporting the achievement of this goal, UNIDO continues to encourage and support aspiring entrepreneurs in rural areas, in particular women in sub-Saharan Africa. Based on accumulated experience and lessons learned, a new initiative focusing on post-crisis assistance, with an emphasis on Africa, has been developed. As a first step, a strategic framework is being developed to prepare the ground for a global application of the initiative. In parallel, stock-taking/formulation missions to crisis-stricken areas are being undertaken to collect information on criteria to be applied in future for determining the eligibility of such areas for post-crisis assistance. To promote UNIDO's rural and women's entrepreneurship development programme a new brochure and short video film entitled *A path out of poverty* have been issued.

16. The SME cluster and network development programme continues to play an important role in assisting SMEs. In this context, the recently launched Swiss-funded research and demonstration project has so far resulted in a draft study, prepared with the Institute for Development Studies of the United Kingdom, on the impact of SME cluster/network development initiatives on poverty alleviation. Subsequently, recommendations and tools will be tested empirically in selected SME clusters in India. A global training course on SME cluster development for policy makers and practitioners is being developed in cooperation with the ILO Training Centre at Turin, Italy, and will be launched in the first half of 2004.

17. The UNIDO business partnership programme gained further momentum and recognition in building partnerships between the public and private sector for implementing technical cooperation schemes. In South Africa UNIDO is cooperating with multinational car manufacturers to assist small automotive component suppliers in gaining access to the international market. In its National Cleaner Production Centre (NCPC) network, and based on a pilot project in Morocco, UNIDO is working with the German chemical company BASF to help SMEs introduce cleaner and more efficient production methods. Based on its know-how and expertise in this area, UNIDO gained accession to the United Nations Global Compact as one of the five core United Nations agencies in May 2003. In this new capacity, UNIDO will continue to support the efforts of SMEs to understand and embrace good corporate citizenship practices.

Promoting South-South cooperation

18. South-South cooperation is actively promoted by UNIDO. For example, the Asia-Africa Investment and Technology Promotion Centre is now in its fourth year of operation since its creation in the context of South-South cooperation in general and Asia-Africa cooperation in particular, with the support of the Japanese Government, following the Second Tokyo International Conference on African Development (TICAD II).

Promoting the transfer of technology, particularly in the fields of agro-related technology, information and communications technology, and biotechnology

19. Technology-enabling services focus on the establishment and promotion of networks, technology centres, methodologies and tools for capacity-building, and for strengthening the global forum-oriented activities. Major developments in 2002 and 2003 include:

(a) The establishment of the Shanghai Information Technology Promotion Centre, the International Centre for Materials Technology Promotion in China and the International Centre of Medicine Biotechnology in Moscow; ongoing efforts to establish an international technology diffusion and SSI support centre in India;

(b) The establishment of a partnership with the World Intellectual Property Organization (WIPO) for the training of entrepreneurs in the SME sector in the field of intellectual property rights and technology commercialization;

(c) An initiative on "Technology transfer: Assessing needs—promoting action" launched at WSSD;

(d) A technology needs assessment survey and plan of action for further technical assistance undertaken in the framework of the integrated programme for the Lao People's Democratic Republic;

(e) UNIDO's accreditation as an observer to the WTO Working Group on Trade and Transfer of Technology;

(f) The refinement of the technology management concept around the development of national innovation systems to establish links among various stakeholders such as Governments, science and technology institutions, industries, research and development institutes and academia, for technology development, promotion and extension services.

Extending technology foresight activities to all regions

20. UNIDO has taken the following measures to promote its technology foresight operations and extend them beyond the existing programmes for Latin America and Central and Eastern Europe and the Newly Independent States (NIS) to all regions:

(a) In Latin America new activities have been initiated in Chile and Uruguay. Over the remainder of

the MTPF period, the programme will be extended to cover several other countries in the region, and a set of regional technology foresight studies will be undertaken on a number of important production chains and thematic fields;

(b) In the case of Central and Eastern Europe and NIS, UNIDO organized conferences on technology foresight for Ukraine and the Russian Federation in September 2002 and March 2003 respectively. In addition, UNIDO convened a Technology Foresight Summit in March 2003 at Budapest in cooperation with the Government of Hungary, which focused on biotechnology in Central and Eastern Europe;

(c) With a view to extending the technology foresight operations to Asia, UNIDO is negotiating special programmes with several countries, including China, India, Indonesia and Thailand, on a cost-sharing basis;

(d) Proposals on technology foresight for the Arab region are being developed in cooperation with ESCWA and AIDMO. A proposal for a regional technology foresight exercise in the Maghreb region has also been developed;

(e) In the case of Africa, contacts have been established with the Commonwealth Science Council to participate in a regional technology foresight exercise in Southern Africa.

21. A number of other steps are being taken to strengthen further the role of technology foresight in the range of technical cooperation services offered by UNIDO. These include the preparation of a UNIDO sales publication on technology foresight and a manual for foresight methodologies, which is currently in progress.

II. CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Developing further cleaner production activities focused, among others, around the UNIDO/UNEP National Cleaner Production Centres

22. UNIDO supports NCPCs and national cleaner production programmes (NCPPs) in more than 30 countries, and additional programmes are expected to start in the near future in Armenia, Bulgaria, Cambodia, Egypt, Jordan, Pakistan, Philippines and the United Arab Emirates. In line with the Millennium Development Goals and the Johannesburg Declaration on Sustainable Development, UNIDO has developed a holistic and sectoral cleaner production (CP) strategy aimed at promoting productivity growth and competitive market access through cleaner production methods and the development and transfer of environmentally sound technologies (ESTs). A principal focus is the promotion of the transfer, absorption, adaptation and diffusion of quality and productivity enhancing ESTs, which requires the integration of various technical, financial and policy dimensions.

23. UNIDO's network of NCPCs and NCPPs constitutes an excellent source of local capacity for the implementation of projects related to Multilateral Environmental Agreements, such as the Cleaner Development Mechanism (CDM) of the Kyoto Protocol, the Global Environment Facility (GEF), the Stockholm Convention on Persistent Organic Pollutants (POPs) and the Montreal Protocol. In this connection the CP programme has already begun to cooperate with UNIDO's energy efficiency services for the training of NCPC and NCPP staff, and for the identification, development and implementation of technical cooperation projects to be submitted for funding to the Kyoto Protocol and GEF.

24. The UNIDO CP programme also seeks to support the transfer of CP technology and lessons learned between countries and regions. Activities specifically designed to support this goal include the annual meetings of UNIDO/UNEP NCPCs aimed at exchanging experiences between the different NCPCs and NCPPs and enhancing expertise in CP-related fields, the exchange of experts between recently-created NCPCs or NCPPs and experienced ones, and the establishment, coordination and facilitation of formal international and regional CP networks. In this context a meeting of senior government representatives and directors of NCPCs from 19 Latin American and Caribbean countries at Havana from 18 to 20 March 2003 agreed to the establishment of a regional cleaner production programme for Latin America and the Caribbean.

Implementing the assistance programme for greenhouse gas reduction, increased energy efficiency and the increased use of renewable and alternative sources of energy

25. Since industrial energy systems consume huge amounts of energy, there is considerable scope to reduce energy consumption and greenhouse gas emissions across the industrial sector, and at the same time to enhance industrial productivity and reliability by improving the design and operation of energy systems. UNIDO technical cooperation in this field helps to improve the efficiency of industrial energy systems through the transfer of knowledge, skills and assessed information, which, once acquired by the recipient, can be replicated through various kinds of in-country training programmes.

26. An example of the impact of UNIDO's work on systems optimization is given by a project to improve the effectiveness of the pumping system of a pharmaceuticals plant in China by applying correctly sized

pumps, improving the piping arrangements and adding variable frequency drives to the system. The total investment amounted to only $150,000, but with annual energy savings of 1.06 million kWh, the project's payback was 1.8 years. Similarly, UNIDO is also providing assistance in industrial energy efficiency to SMEs in developing countries and transition economies, both directly through energy audits with subsequent advice and indirectly through institutional strengthening. In doing so, the Organization is contributing to a reduction of energy consumption per unit of output produced, and thereby improving the competitiveness of these SMEs in local and international markets.

27. UNIDO is also continuing to emphasize the promotion of renewable and alternative sources of energy, especially in rural areas. Thus, the UNIDO International Centre for Small Hydropower in Hangzhou China, which has been promoting small and micro-sized hydroelectric power plants for village-level power in poor areas of China and other developing countries, has recently been supplemented by a Regional Centre for Small Hydro Power in Kerala, India. This will convincingly demonstrate the Organization's case for "Rural Energy for Productive Use" in South and East Asia.

28. In addition, UNIDO has continued to support capacity-building measures for the greenhouse gas reduction mechanisms of the Kyoto Protocol, such as the CDM. The Organization's activities in this context can be summarized as:

(a) Strengthening institutional capacity in developing countries to correctly apply the guidelines and methodologies for the development and implementation of projects under the CDM and Joint Implementation under the Kyoto Protocol;

(b) Seeking international collaboration, especially with international and regional organizations, development banks and energy technology centres;

(c) Enhancing public awareness of energy and climate change problems, and helping to develop the strategy and methodologies to solve the problems.

Supporting environmentally sustainable industrial development strategies and technologies in agro-industrial sectors

29. Agro-related industries remain the prime sectoral focus of UNIDO's technical cooperation activities. The programmes in these subsectors seek to add value to agricultural produce, assist institutions in supporting productive agro-related enterprises, link industry to agriculture, and assist producers to meet market and environmental requirements. In particular, these programmes offer environmentally sustainable development strategies and technologies for the food, textile, leather, wood and agro-machinery industries.

30. UNIDO services for the food industry have concentrated on the transfer, adaptation and dissemination of technology for product and process improvement, preservation and safety, storage and by-product utilization. These programmes have focused on micro, small and medium enterprises, and have sought to strengthen the competitiveness of their products in domestic, regional and international markets. The very successful programme on fish safety and quality in Uganda and the United Republic of Tanzania is being replicated in other countries and the methodology applied in other subsectors.

31. In the case of the textile industry, UNIDO is providing assistance in a wide variety of fields, including policy advice, sector studies, the establishment or upgrading of research and development centres and training institutions, and the transfer of modern textile and garment production technologies. The Organization is also giving support to enterprises during the phase-out of the Multi-Fibre Agreement and helping the textile industries of sub-Saharan Africa to take advantage of the African Growth and Opportunity Act. These activities will be continued and strengthened during the current MTPF and successful programmes, such as the tissuethèque programme to promote the traditional textile industry in West Africa, will be replicated.

32. The services offered by UNIDO in the leather industry encompass advice to support institutions and the demonstration of environmentally friendly processes and technologies in the entire production chain. During 2002 and in the first half of 2003 UNIDO provided assistance in the establishment of a technology institute for leather and leather products in Ethiopia as well as a service centre in Morocco. Waste treatment plants have been established in Ethiopia, and process optimization activities (cleaner technologies) have been implemented in several African countries. Activities for market access for leather products have also been successfully implemented in Kenya and Ethiopia. From 2002 to 2005 the UNIDO leather programme will focus increasingly on technical support for market access, environmental issues, eco-labelling and safety at work. In addition, successful programmes such as the Training and Production Centre for the Shoe Industry established at Thika, Kenya, will be replicated.

33. In the wood sector, UNIDO has concentrated on the transfer and dissemination of technology for product and process improvement, and will continue to provide advice and demonstration activities to increase value added to wood and non-wood (e.g. bamboo) forest products through the manufacture of furniture and joinery items for building and the rational use of timber

for construction. Particular emphasis will continue to be placed on the promotion of industrial bamboo processing into such high value-added products as floorboards and furniture. Concrete project activities in this respect are well under way in Cuba, Ghana and India, with a strong emphasis on South-South cooperation. Other major activities in this sector will include the transfer of technology and know-how, re-engineering of production lines, assistance in the design of marketable products for export using CAD/CAM software, and the promotion of environmentally friendly processes and products. In order to improve industrial linkages and knowledge exchange, the establishment of an Internet-based wood and bamboo industry project navigator database is under preparation.

34. UNIDO's programme in the agro-related machinery industry is concentrated on the transfer, adaptation and dissemination of appropriate tools, agricultural machinery, post-harvest equipment, small-scale irrigation systems and low-cost transport devices that can play an important role in sustaining land and agricultural productivity, improving rural income and generating employment. Technical assistance is also provided for the production of such technologies locally through capacity-building of the metalworking industries and relevant institutions.

Supporting sustainable industrial development in accordance with international instruments and conventions

35. UNIDO continues to place high priority on the implementation of sustainable industrial development strategies in accordance with such international instruments and conventions as the Stockholm Convention on Persistent Organic Pollutants, the Cartagena Protocol on Biosafety of the Convention on Biological Diversity (CBD), and the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

36. UNIDO is working closely with GEF as a member of its Task Force on POPs. As an executing agency with expanded opportunities for GEF-funded projects in support of the Stockholm Convention, UNIDO has received approvals for 37 enabling activities projects for the preparation of national implementation plans (NIPs). In assisting the developing countries and economies in transition in developing their NIPs, due regard was given to building national capacities in the management of POPs, including conducting inception workshops and training programmes in the preparation of POPs inventories with full stakeholder participation.

37. In May 2003, the GEF Council approved a global programme formulated by UNIDO to demonstrate the viability and removal of barriers that impede the successful implementation of available non-combustion technologies for destroying POPs. The Programme will successfully use such technologies to destroy significant obsolete POP stockpiles in countries with developing economies and economies in transition, and it will thereby help remove barriers to the further adoption and effective implementation of available non-combustion technologies and meet the Stockholm Convention requirement to ensure the use of Best Available Techniques and ensure Best Environmental Practices.

38. UNIDO is also developing a programme for the demonstration of viability and removal of barriers that impede adoption and effective implementation of available, environmentally sound non-combustion technologies for re-utilizing mixed plastic waste, including polyvinyl chloride (PVC) to avoid generation of unintentional POPs. This is aimed at helping Member States to address the global plastic waste crisis, especially that posed by PVC, by promoting effective environmentally sound technologies for the re-utilization of such wastes in other economic sectors. GEF has also approved a UNIDO/UNEP medium-size project on NGO capacity-building. This project aims at strengthening the participation of NGOs in the implementation of the Stockholm Convention. UNIDO is also participating in the GEF-funded Africa stockpile programme.

39. As indicated above (para. 28), UNIDO is continuing to support capacity-building measures for the implementation of the provisions of the Kyoto Protocol. These activities will also be sustained for the remainder of the current MTPF.

40. In connection with the Cartagena Protocol, UNIDO has continued to assist Member States in building the scientific and regulatory capacities to fulfil its provisions. In addition, UNIDO assists the CBD Secretariat in implementing one of the main technical provisions of the CPB, the biosafety clearing-house mechanism. Both of these activities will continue for the duration of the MTPF.

Providing access to modern and efficient energy services for the poorest

41. Based on its comparative advantages in this field, UNIDO has developed a strong rural energy programme. The projects implemented under this programme seek to demonstrate the feasibility of renewable energy based on hybrid systems, which give rural off-grid communities access to power for various income-generating activities, resulting in poverty alleviation and reduced incentives for rural-urban migration. The Centres for Small Hydropower in Hangzhou, China, and Kerala, India, noted in paragraph 27 above play an important role in this connection by showing how decentralized power generation can provide effective energy services to off-grid rural communities.

Continuing cooperation with GEF

42. Cooperation with GEF is being undertaken in several fields in which UNIDO has a comparative advantage. Apart from the POPs-related activities noted above (paras. 35-38), these include rural energy projects in a number of poor countries and regions as well as activities related to the implementation of the Kyoto and Montreal Protocols.

43. A particularly important area of cooperation is in the focal area of international waters. Preparatory funding has been approved by GEF for several regional programmes focusing on the restoration of fisheries and coastal zone management in the context of large marine ecosystems (LMEs). These include the Guinea Current LME in West Africa, the Humboldt Current LME covering Chile and Peru, and the Gulf of Mexico LME covering Cuba, Mexico and the United States of America. These LME-related activities are consistent with UNIDO's strategy to support the WSSD resolution to achieve sustainable fisheries and to restore depleted fisheries by the year 2015.

44. Another area of cooperation with GEF in 2002 and 2003 is the programme on transfer of environmentally sound technologies being implemented by UNIDO with GEF funding. This is focused on the protection of the water resources of the Danube River Basin, and specifically on industrial pollution hot spots in Bulgaria, Croatia, Hungary, Romania and Slovakia. In this project, UNIDO has developed a groundbreaking new methodology for integrating the principles of sound environmental management with the transfer of environmentally sound technologies.

45. Similarly, a new regional initiative has been launched in Central Europe with the assistance of GEF, which provides for the preparation of a strategic action programme for the Dnieper River Basin and the development of implementation mechanisms. It aims at identifying measures for the sustainable protection of Europe's third largest river, the transboundary Dnieper, and through this to contribute to the protection of international waters.

46. In 2002, UNIDO began to implement the GEF-funded project for the removal of barriers to the introduction of cleaner artisanal gold mining and extraction technologies. The $6 million global project covers gold mining areas in Brazil, Lake Victoria and adjacent small-scale gold mining areas in the United Republic of Tanzania, artisanal mining sites along the Nile in Sudan, small-scale gold mining along the tributaries of the Zambezi in Zimbabwe, river bed gold mining activities along the Mekong in the Lao People's Democratic Republic, and river bed gold mining activities along rivers in Kalimantan draining into the Java Sea. The project will continue until 2005.

47. Under the auspices of GEF, UNIDO has also developed a comprehensive study on indicators of sustainability for the mineral extractive industry to address sustainable development issues associated with the extraction and processing of mineral commodities that are of major concern to mining enterprises and mining communities, in an attempt to design sustainably sound processes and products. In addition, UNIDO participated actively in the Third World Water Forum at Kyoto, Japan, which focused on the demand side issues of water by industry, and is planning to convene a top-level symposium on industrial fisheries, food security and the sustainability of LMEs in the second half of 2003.

Pursuing activities related to the phasing out of ozone-depleting substances as defined in the Montreal Protocol

48. In the first year of the current MTPF, UNIDO's Montreal Protocol-related activities included the completion of 45 investment projects, which involved the phasing out of more than 2,870 ozone-depleting potential (ODP) tonnes, as well as six training/technical assistance projects and two institutional strengthening projects. During the same year the Organization, for the first time, had to prepare and submit a three-year rolling business plan, addressing a new portfolio of approved projects amounting to approximately $130 million. The plan aimed at addressing the need for compliance with reduction targets of chlorofluorocarbons, trichloroethane, carbon tetrachloride and methyl bromide. Planned activities include phase-out plans, investment projects and country programme updates.

49. For 2003, the total value of projects planned for submission is about $40 million that will lead to the phase-out of over 7,000 ODP tonnes. The plan includes 10 multi-year agreements for sectoral and substance phase-out, 22 new multi-year performance-based agreements, 14 individual investment projects and one refrigerant management plan. In 2003, UNIDO's Montreal Protocol-related activities will cover various sectors in 27 countries in all regions. For 2004 to 2005, UNIDO plans to submit projects valued at approximately $40 million annually.

III. GLOBAL FORUM ACTIVITIES

Ensuring that technical cooperation activities are supported by cost-effective and output-oriented analytical activities

50. UNIDO continues to emphasize cost-effective and output-oriented analytical activities to provide a strong analytical foundation for its technical cooperation activities. Examples of such work undertaken or planned in the current MTPF include the publication of working papers within the framework of the UNIDO Staff Research Series; COMPID (combating marginali-

zation and poverty through industrial development) strategic research programme to produce strategies and guidelines for improving technical cooperation; the preparation of surveys, analyses and databases on industrial development issues; the formulation of manuals, guidelines and toolboxes for specific technical cooperation activities; and the holding of expert group meetings to discuss matters of relevance to those activities.

Using global forum activities to improve programmatic activities and enhance common understanding of the contribution of industry to poverty alleviation and economic linkages

51. In addition to its analytical work undertaken in direct support of its technical cooperation, UNIDO also conducts broader global forum activities intended to improve its programmatic framework and promote public awareness of industry as a driving force for sustainable poverty alleviation and economic development. The range of such activities in the current MTPF period includes:

(a) The launch of the *Industrial Development Report 2002/2003: Competing through innovation and learning* on 30 July 2002. This report is the first of a new series of publications intended to provide UNIDO clients with a learning tool drawing on empirical benchmarking of industrial performance and capabilities, and on practical examples related to linkage, leverage and learning. It has attracted considerable interest from Governments, industry and support institutions, which have found the guidelines for strategies to enhance industrial competitiveness and the organization of institutions to support innovation and technological upgrading contained in the report to be particularly useful. A unique feature is the scoreboard of industrial performance and its drivers, which enables countries to assess and benchmark their performance and their capabilities to catch up with more advanced countries. A web site has been established for the dissemination of the analyses contained in the report and a number of background papers prepared for it;

(b) The preparation of the next *Industrial Development Report*. This report, to be published by mid-2004, will address the role of industrialization in achieving the Millennium Development Goals, with a focus on the sub-Saharan African countries. The selection of this topic relates to the high priority given to UNIDO's contribution to the United Nations Millennium Project, which is in charge of implementing the Millennium Declaration subscribed by 152 Heads of State in September 2000. The report will highlight the strategic and policy dimensions of structural change relating to the achievement of the goals by 2015 as they pertain to industrial development and environmental sustainability, thus contributing to increasing the effectiveness of the efforts involved by the international community and the least developed countries;

(c) The implementation since January 2002 of a three-year, Danish-funded research programme on COMPID. Comprising five research projects (market failures and public goods, poverty alleviation, technological development, SMEs and social capital), the programme aims to improve the impact of UNIDO's programmatic activities. A peer review group of well-acclaimed international experts will vet the outcome of the research projects and provide guidelines on the synergies and coherence among the five projects;

(d) Support to several subregional Conferences of African Ministers of Industry (CAMI). With the consensus reached on NEPAD, collective actions at the regional level and improvement of industrial performance have become important for the region. UNIDO was instrumental in raising awareness on constraints to the industrial development of the region, informing on experiences from other regions and offering solutions;

(e) International Conference on the Process of Innovation and Learning in Dynamic City-Regions, Shenzhen, China, 7-9 December 2002. The objective of the meeting was to analyse the development patterns of regions that have emerged during recent years as powerful nodes of the global economy. During the meeting a Global Network of Innovating and Learning City-Regions was established to provide a platform for the sharing of experiences gained from the participating city-regions;

(f) The collection (in collaboration with OECD), upgrading and dissemination of key industrial statistics for all countries. The 2002 and 2003 updates of the industrial statistics databases maintained by UNIDO have been completed and published in both CD-ROM and print versions, and the 2004 and 2005 rounds are scheduled as annual routine. Moreover, the first edition of the re-designed Internet-based *Statistical Country Briefs*, another major dissemination product of the databases, has been completed. In the remainder of the MTPF period, the launch of a new publication series tentatively entitled *Statistical Regional Outlooks* is proposed;

(g) UNIDO's involvement in technical meetings, both as a host and a participant, remains a major component of its global forum activities. Examples of such involvement include the holding of a series of training workshops on industrial governance and the planned joint hosting, with the Government of Chile, of the Global Biotechnology Forum at Concepción, Chile, in March 2004 (IDB.27/15). In addition, UNIDO participates in most of the major

regular and occasional international conferences in the various technical fields covered by the Organization.

52. A major feature of UNIDO's global forum activities is the Organization's networking with research institutions and universities. In this context, a research cooperation agreement with the Centre for Study of African Economies at Oxford University, initiated in 1999, has been renewed for a two-year period (2002 and 2003). The UNIDO research fellow is undertaking research on topics such as export performance, firm efficiency and growth, investment and poverty alleviation. The partnership also includes training programmes for civil servants and researchers from francophone Africa, the preparation of industrial surveys and a rapid-response mechanism supporting decision-making of UNIDO senior management.

53. UNIDO is also participating as a knowledge partner in the Nordic Partnership (NP) initiative founded by the World Wide Foundation for Nature in the four Nordic countries and the Danish strategic forum, House of Mandag Morgen. This partnership includes 17 major Nordic companies, and is currently being extended. UNIDO is working with the partners to develop, promote and implement a new approach on how to integrate sustainable development into the business model, and so ensure that business can take on global responsibility—socially, environmentally and financially. Participation of the NP companies in a UNIDO corporate social responsibility/triple bottom line technical cooperation project in five countries in South-East Asia is being initiated.

54. As a contribution to the debate on how best to stimulate environmentally sound technical change in developing countries and as a direct input to UNIDO's participation in the WSSD, UNIDO conducted a study of the determinants of firm-level adoption of EST in nine countries. The objective was to document the factors that have influenced firms to adopt ESTs over the past decade, and to assess their relative importance in terms of company and country-specific conditions. Insights gained will enable UNIDO to develop its policy advisory services with regard to industrial, technology and environmental policies and better orient its technical cooperation services.

Participating in, and contributing to, major development conferences

55. UNIDO is continuing to play an active role in major development conferences, as outlined in detail in chapter I of the *Annual Report 2002*. High-level UNIDO delegations, headed by the Director-General, participated in both the International Conference on Financing for Development and the World Summit on Sustainable Development. In both cases, UNIDO's participation at various levels during the preparatory and follow-up stages of these conferences has led to increased cooperation with other members of the international development community. Of particular relevance in this context has been UNIDO's involvement in WTO trade-related technical cooperation activities emanating from the fourth WTO Ministerial Conference at Doha.

IV. FIELD REPRESENTATION

56. This subject will be covered in detail in a separate document IDB.27/21.

V. HUMAN RESOURCES MANAGEMENT

The further development of the Human Resources Management Framework while ensuring its effectiveness and efficiency

57. Detailed information on the further development of the Human Resources Management Framework (HRMF) is provided in the report of the Director-General on personnel matters (IDB.27/16). That document reports specifically on the promulgation, in January 2003, of the second phase of the Framework, which follows upon the introduction of a new performance appraisal system in 2002 and provides the supporting mechanisms to promote and reward professional excellence. It does so through the introduction of a system of performance and merit recognition, as well as recognition of horizontal staff mobility. Moreover, it introduces the concept of merit recognition for team leaders of integrated programmes.

58. A further aspect of the Framework, which deals with organizational learning, is being and will continue to be implemented during the period covered by the MTPF. This includes an executive development and management programme dealing specifically with the strengthening of professional excellence, as well as specific management competency development programmes, such as team leadership. The development of additional mechanisms and programmes that promote professional excellence for all staff levels is part of the HRMF and will continue.

VII. ACTION REQUIRED OF THE BOARD

59. The Board may wish to take note of the information in the present document and make appropriate recommendations to the General Conference.